

Chapter 9

Hidden Landmines to Look Out for

Although most real estate transactions result in a rewarding experience, once in a while a costly problem or a misunderstanding hits a buyer like a Category 5 hurricane. You can prevent most of these storms or surprises with a little bit of information, which should help you recognize a potential problem before closing on the purchase. This chapter presents some of the most common hidden dangers and surprises that I have come across during my career in real estate to warn the reader.

Determine Whether the Home is Legally Habitable

In the name of safety, governments regulate housing. To earn permissible occupancy rights, homes must comply with housing regulations that regulate a home's size, number of bedrooms and occupants, purpose of use, and compliance with other building and safety standards. Some locations require that a document, usually called a "certificate of occupancy," be obtained from the municipality where the home is to be located before people are actually allowed to live in it. In most cases, when purchasing a property, your real estate professionals run a search for documents ensuring legal compliance with these laws. Payment for the home should not be made until a verdict has been obtained that the home has been built safely in compliance with the government's regulations.

In very few cases, homes fail these tests for having been built contrary to permitted building standards. In one case I had to deal with, a builder built two stories higher than the local